



AGENDA - MUSKOKA COMPLIANCE AUDIT COMMITTEE MEETING Thursday, October 29, 2015

A Muskoka Compliance Audit Committee meeting will be held on Thursday, October 29, 2015 at 1:00 p.m., in the Council Chambers, Municipal Offices, Port Carling, Ontario.

- 1. Call to Order**
- 2. Disclosure of Interest**
- 3. Consideration of Applications for a Compliance Audit**
 - a. Review Committee Mandate**
 - b. Compliance Audit Applications**
 1. Chair to summarize applications.
- 4. Consideration of Auditor/Legal Reports**
 - a. Auditors to address Committee - Summary of Reports and Conclusions - MaryAnne Poland and Rebecca MacDonald, Pahapill and Associates Professional Corporation, Chartered Accountants.
 - b. Members Questions of the Auditor.
 - c. Applicant or Applicant's Agent deputation.
 - d. Candidate or Candidate's Agent deputation.
 - e. Members Questions of any Person Present.
 - f. Legal Counsel to address Committee, if required - James MacIntosh, Barriston Law, LLP.
 - g. Committee to consider Compliance Audit Reports - resolutions of Committee.
 - h. Committee to consider retaining legal counsel, if required - resolutions of Committee.
- 5. Closed Session**
 - a. Committee in Closed Session may be held, if required, in accordance with Section 239 (2) and (3.1) of the Municipal Act, 2001 - resolutions of Committee.

6. Adjournment

- a. Consideration of a resolution to adjourn - resolution of Committee.



Report for the Council of The Township of Muskoka Lakes

Municipal Election Compliance Audit of the Campaign Finances of Candidate Don Furniss

Contents

1. Summary of findings
2. Introduction and background, including list of issues identified by Applicant
3. Audit approach and procedures, and certain implications
4. Findings with respect to issues identified by Applicant
5. Other findings
6. Restrictions and limitations

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE MUNICIPAL ELECTION ACT, 1996

To: Don Furniss, Candidate;
The Township of Muskoka Lakes;
Cheryl Mortimer, Municipal Clerk;
Alan Gill, Applicant

1. Summary of findings

- 1.1 In our opinion, candidate Don Furniss ("Furniss" or "the Candidate") apparently contravened the requirements of the *Municipal Elections Act, 1996* ("the Act") because the prescribed "Financial Statement – Auditor's Report, Form 4" ("the Financial Statement") filed by the Candidate was not prepared in compliance with the Act because receipts for expenditures were not kept in the records.
- 1.2 The Candidate did not comply with the requirements of the 2014 Candidates Guide for Ontario Municipal and School Board Elections in keeping their campaign finances separate with respect to the issue raised by Alan Gill ("the Applicant"), as set out in section 4 below and also contravened the Act in certain other requirements set out in section 5 below. Certain campaign expenses were unsupported.
- 1.3 The Candidate's records were organized, well maintained, and generally consistent with the requirements of the Act. The Candidate cooperated fully with the compliance audit process.

2. Introduction and background, including list of issues identified by Applicant

- 2.1 Furniss filed for election as Mayor of the Township of Muskoka Lakes on April 23, 2014 in the election to be held October 27, 2014.
- 2.2 Furniss was elected as Mayor in that election.
- 2.3 Furniss filed the Financial Statement for the campaign period April 23, 2014 to December 31, 2014, on February 17, 2015 and attested that to the best of his knowledge, that it was true and correct.
- 2.4 Furniss' Financial Statement reported Contributions of \$17,784.41 and Expenses of \$16,312.57, with a resulting surplus (deficit) for the campaign of NIL after refunding candidate's or spouse's contributions. Furniss' Spending limit (i.e. the maximum amount of qualifying expenses that he was permitted to incur) was \$22,457.45.
- 2.5 Alan Gill submitted to the Township of Muskoka Lakes an application for compliance audit dated June 24, 2015 setting forth the grounds for believing that the Candidate had contravened the Act in respect of election campaign finances. Specifically, the Applicant stated that:
 - 2.5.1 The "peopleforprobity.com" website expenses or other joint beneficial advertising or promotion must be divided between the campaigns of the named group of candidates.
- 2.6 The Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes determined that a compliance audit in respect of the municipal election campaign finances of

Furniss be carried out and on July 31, 2015 appointed Pahapill and Associates Professional Corporation, Chartered Professional Accountants to do so in accordance with subsection 81(7) of the Act. The Firm is licensed under the Public Accounting Act 2004 License number 1-15166.

3. Audit approach and procedures, and certain implications

- 3.1 In accordance with subsection 81(9) of the Act the objective of our compliance audit is to conduct an audit and report “any apparent contravention by the candidate”.
- 3.2 Our audit procedures included: a review of the Financial Statement as filed with the Clerk’s Office; ongoing review of the Act and the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections; interviews and examination of documents and financial and other records provided by the Applicant, the Candidate, and other persons; ongoing email and telephone communications with the above; public information; and preparation of our report.
- 3.3 As in 3.1 above, the scope of our engagement is to audit and report not only with regard to the specific issues identified by the Applicant, but also with regard to any other apparent contravention coming to our attention during the audit.
- 3.4 The Act provides an exemption at subsection 78(5) whereby if total contributions and total expenses incurred are less than or equal to \$10,000, an auditor’s report does not need to be submitted by a candidate with the required Financial Statement. Under such circumstances a candidate may not have the benefit of an external auditor’s experience when preparing and submitting the Financial Statement, potentially increasing the risk of errors.

4. Findings with respect to issues identified by Applicant

4.1 The “peopleforprobity.com” website and other joint expenses should be split among the candidates

- 4.1.1 Certain paid advertising in the Muskokan, What’s up Muskoka and the Bracebridge Examiner included a link to the “peopleforprobity.com” website or included a list of “people for probity” candidates. The website also listed these six candidates during the campaign. The cost of the advertising for “people for probity” was \$4,896.80.
- 4.1.2 If such a determination is necessary, the value to each candidate of the advertising costs would be reasonably divided among the six candidates. An agreement among the candidates should have been put in place at the time of the website. As no such agreement was put in place we cannot assign a value after the fact.
- 4.1.3 Under the Act, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually.
- 4.1.4 Accordingly, in our opinion the advertising for the “people for probity” paid for and expensed by Don Furniss was a shared expense.
- 4.1.5 This is an apparent contravention of the 2014 Candidates Guide for Ontario Municipal and School Board Elections by the Candidate. As Furniss paid for the majority of the advertisement of these shared costs, reported total expenses subject to the spending limit have been overstated.

5. Other findings

5.1 Expenses – unsupported expense

- 5.1.1 The total expenses paid for and claimed as a contribution by Don Furniss include amounts without receipts.
- 5.1.2 Paragraph 69(1)(e) requires the candidate to obtain a receipt for every expense, and 69(g) requires that “records are kept of every expense including the receipts obtained for each expense”
- 5.1.3 The accounting records provided at the time of the audit did not include receipts for these expenses.
- 5.1.4 This is an apparent contravention of the *Act*. Reported total expenses include unsupported expenses of \$91.13.

6. Restrictions and limitations

- 6.1 This report was prepared for the Township of Muskoka Lakes regarding the election finances of Don Furniss in the election held October 27, 2014, as requested by the Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred as a result of the use of this report for any other purpose.
- 6.2 We are under no obligation to review the contents of this report in light of information that becomes known to us after the date of this report, although we reserve the right to do so.

Yours truly,



Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by The Chartered Professional Accountants of Ontario
September 30, 2015
Huntsville, Ontario



Report for the Council of The Township of Muskoka Lakes

Municipal Election Compliance Audit of the Campaign Finances of Candidate W. Ronald Brent

Contents

1. Summary of findings
2. Introduction and background, including list of issues identified by Applicant
3. Audit approach and procedures, and certain implications
4. Findings with respect to issues identified by Applicant
5. Other findings
6. Restrictions and limitations

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE MUNICIPAL ELECTION ACT, 1996

To: W. Ronald Brent, Candidate;
The Township of Muskoka Lakes;
Cheryl Mortimer, Municipal Clerk;
Alan Gill, Applicant

1. Summary of findings

- 1.1 In our opinion, candidate W. Ronald Brent ("Brent" or "the Candidate") apparently contravened the requirements of the *Municipal Elections Act, 1996* ("the Act") because the prescribed "Financial Statement – Auditor's Report, Form 4" ("the Financial Statement") filed by the Candidate was not prepared in compliance with the Act, a separate bank account was not maintained, and because receipts for expenditures were not kept in the records.
- 1.2 The Candidate did not comply with the requirements of the 2014 Candidates Guide for Ontario Municipal and School Board Elections in keeping their campaign finances separate with respect to the issue raised by Alan Gill ("the Applicant"), as set out in section 4 below and also contravened the Act in certain other requirements set out in section 5 below. Certain campaign expenses were incorrectly reported or unsupported.
- 1.3 The Candidate's records were organized, well maintained, and generally consistent with the requirements of the Act. The Candidate cooperated fully with the compliance audit process.

2. Introduction and background, including list of issues identified by Applicant

- 2.1 Brent filed for election as a District and Township Councillor for Ward C on April 23, 2014 in the election to be held October 27, 2014.
- 2.2 Brent was not elected as a District and Township Councillor in that election.
- 2.3 Brent filed the Financial Statement for the campaign period April 23, 2014 to December 31, 2014, on March 24, 2015 and attested that to the best of his knowledge, that it was true and correct.
- 2.4 Brent's Financial Statement reported Contributions of \$964.33 and Expenses of \$1,064.43, with a resulting deficit for the campaign of \$100. Brent's Spending limit (i.e. the maximum amount of qualifying expenses that he was permitted to incur) was \$10,553.05
- 2.5 Alan Gill submitted to the Township of Muskoka Lakes an application for compliance audit dated June 24, 2015 setting forth the grounds for believing that the Candidate had contravened the Act in respect of election campaign finances. Specifically, the Applicant stated that:
 - 2.5.1 The "peopleforprobity.com" website expenses or other joint beneficial advertising or promotion must be divided between the campaigns of the named group of candidates.
- 2.6 The Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes determined that a compliance audit in respect of the municipal election campaign finances of Brent be carried out and on July 31, 2015 appointed Pahapill and Associates Professional

Corporation, Chartered Professional Accountants to do so in accordance with subsection 81(7) of the Act. The Firm is licensed under the Public Accounting Act 2004 License number 1-15166.

3. Audit approach and procedures, and certain implications

- 3.1 In accordance with subsection 81(9) of the Act the objective of our compliance audit is to conduct an audit and report “any apparent contravention by the candidate”.
- 3.2 Our audit procedures included: a review of the Financial Statement as filed with the Clerk’s Office; ongoing review of the Act and the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections; interviews and examination of documents and financial and other records provided by the Applicant, the Candidate, and other persons; ongoing email and telephone communications with the above; public information; and preparation of our report.
- 3.3 As in 3.1 above, the scope of our engagement is to audit and report not only with regard to the specific issues identified by the Applicant, but also with regard to any other apparent contravention coming to our attention during the audit.
- 3.4 The Act provides an exemption at subsection 78(5) whereby if total contributions and total expenses incurred are less than or equal to \$10,000, an auditor’s report does not need to be submitted by a candidate with the required Financial Statement. Under such circumstances a candidate may not have the benefit of an external auditor’s experience when preparing and submitting the Financial Statement, potentially increasing the risk of errors.

4. Findings with respect to issues identified by Applicant

4.1 The “peopleforprobity.com” website and other joint expenses should be split among the candidates

- 4.1.1 Certain paid advertising in the Muskoka, What’s up Muskoka and the Bracebridge Examiner included a link to the “peopleforprobity.com” website or included a list of “people for probity” candidates. The website also listed these six candidates during the campaign. The cost of the advertising for “people for probity” was \$4,896.80.
- 4.1.2 If such a determination is necessary, the value to each candidate of the advertising costs would be reasonably divided among the six candidates. An agreement among the candidates should have been put in place at the time of the website. As no such agreement was put in place we cannot assign a value after the fact.
- 4.1.3 Under the Act, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually.
- 4.1.4 Accordingly, in our opinion the advertising for the “people for probity” paid for and expensed by another candidate was a shared expense.
- 4.1.5 This is an apparent contravention of the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections by the Candidate. Reported total expenses subject to the spending limit have been understated.

5. Other findings

5.1 No apparent bank account used

- 5.1.1 The financial statements did not include any bank fees.
- 5.1.2 The 2014 Candidates Guide and paragraph 69(1)(a) requires the candidate to open a separate bank account for the purpose of their campaign.
- 5.1.3 The accounting records provided at the time of the audit did not include any bank statements.
- 5.1.4 This is an apparent contravention of the Act. A separate account should have been maintained as part of the campaign.

5.2 Expenses – overstatement of expense

- 5.2.1 The total expense for signs on the Financial Statement was reported as \$200.
- 5.2.2 Paragraph 69(1)(g) requires records to be kept of every expense including receipts obtained. Subsection 78(1) requires the candidate to file a Financial Statement reflecting their campaign finances. The candidate confirmed to the best of their knowledge, the Financial Statements was true and correct.
- 5.2.3 The accounting records for the expense include an invoice for stickers of \$197.75. The expense for signs appears to be overstated by \$2.25.
- 5.2.4 This is an apparent contravention of the Act. Reported total expenses subject to the spending limit have been overstated by \$2.25.

5.3 Calculation of surplus (deficit) of campaign

- 5.3.1 The total surplus (deficit) of the campaign was reported as \$100 deficit in the Financial Statement.
- 5.3.2 Due to an error in the calculations, the Financial Statement should have shown a surplus of \$102.15 after adjusting for the overstatement in paragraph 5.2.4.
- 5.3.3 Paragraph 79(4) requires any surplus to be paid to the clerk with whom the nomination was filed and Paragraph 79(6) states that a surplus may be refunded to the Candidate or their spouse, an amount that is the lesser of their contributions or the surplus.
- 5.3.4 As the Candidate contributed more than the resulting surplus, this \$102.15 could have been refunded to the Candidate and the resulting surplus (deficit) for the campaign should be NIL.
- 5.3.5 The Candidate attested that to the best of his knowledge, that it was true and correct. This is an error in the Financial Statement filed and has no impact on the amount payable to the Clerk.

5.4 Expenses – unsupported expense

- 5.4.1 The total expense for Phone/internet of \$200.00 reported in the Financial Statement consists of an arbitrary amount for the candidates existing phone and website.
- 5.4.2 Paragraph 69(1)(e) requires the candidate to obtain a receipt for every expense, and 69(g) requires that “records are kept of every expense including the receipts obtained for each expense”

5.4.3 The accounting records provided at the time of the audit did not include receipts for these expenses.

5.4.4 This is an apparent contravention of the Act. Reported total expenses include unsupported expenses of \$200.00.

5.5 Expenses – understatement of expenses

5.5.1 The total contributions and expenses for meetings hosted do not appear to include amounts for meet and greets that were joint meetings with another candidate that included \$30 of contributions and expenses.

5.5.2 Under the Act, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually. Records of every expense must be kept.

5.5.3 The accounting records provided at the time of audit did not include any contributions from third parties or expenses recorded for joint meetings.

5.5.4 This is an apparent contravention of the 2014 Candidates' Guide for Ontario Municipal and School Board Elections. Reported total contributions are understated by \$30 and reported total expenses subject to the spending limit have been understated by \$30 in the Financial Statement filed.

6. Restrictions and limitations

6.1 This report was prepared for the Township of Muskoka Lakes regarding the election finances of W. Ronald Brent in the election held October 27, 2014, as requested by the Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred as a result of the use of this report for any other purpose.

6.2 We are under no obligation to review the contents of this report in light of information that becomes known to us after the date of this report, although we reserve the right to do so.

Yours truly,



Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by The Chartered Professional Accountants of Ontario
September 30, 2015
Huntsville, Ontario



Report for the Council of The Township of Muskoka Lakes

Municipal Election Compliance Audit of the Campaign Finances of Candidate Jean-Ann Baranik

Contents

1. Summary of findings
2. Introduction and background, including list of issues identified by Applicant
3. Audit approach and procedures, and certain implications
4. Findings with respect to issues identified by Applicant
5. Other findings
6. Restrictions and limitations

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE MUNICIPAL ELECTION ACT, 1996

To: Jean-Ann Baranik, Candidate;
The Township of Muskoka Lakes;
Cheryl Mortimer, Municipal Clerk;
Alan Gill, Applicant

1. Summary of findings

- 1.1 In our opinion, candidate Jean-Ann Baranik ("Baranik" or "the Candidate") did not comply with the requirements of the 2014 Candidates Guide for Ontario Municipal and School Board Elections in keeping their campaign finances separate with respect to the issue raised by Alan Gill ("the Applicant"), as set out in section 4 below.
- 1.2 The Candidate's records were organized, well maintained, and generally consistent with the requirements of the *Municipal Elections Act, 1996* ("the Act"). The Candidate cooperated fully with the compliance audit process.

2. Introduction and background, including list of issues identified by Applicant

- 2.1 Baranik filed for election as a Township Councillor for Ward C on April 24, 2014 in the election to be held October 27, 2014.
- 2.2 Baranik was elected as a Township Councillor in that election.
- 2.3 Baranik filed the "Financial Statement – Auditor's Report, Form 4" ("the Financial Statement") for the campaign period April 24, 2014 to December 2, 2014, on March 16, 2015 and attested that to the best of her knowledge, that it was true and correct.
- 2.4 Baranik's Financial Statement reported Contributions of \$1,350 and Expenses of \$1,054.04, with a resulting surplus for the campaign of \$295.96. Baranik's Spending limit (i.e. the maximum amount of qualifying expenses that she was permitted to incur) was \$10,553.05.
- 2.5 Alan Gill submitted to the Township of Muskoka Lakes an application for compliance audit dated June 24, 2015 setting forth the grounds for believing that the Candidate had contravened the Act in respect of election campaign finances. Specifically, the Applicant stated that:
 - 2.5.1 The "peopleforprobity.com" website expenses or other joint beneficial advertising or promotion must be divided between the campaigns of the named group of candidates.
- 2.6 The Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes determined that a compliance audit in respect of the municipal election campaign finances of Baranik be carried out and on July 31, 2015 appointed Pahapill and Associates Professional Corporation, Chartered Professional Accountants to do so in accordance with subsection 81(7) of the Act. The Firm is licensed under the Public Accounting Act 2004 License number 1-15166.

3. Audit approach and procedures, and certain implications

- 3.1 In accordance with subsection 81(9) of the *Act* the objective of our compliance audit is to conduct an audit and report “any apparent contravention by the candidate”.
- 3.2 Our audit procedures included: a review of the Financial Statement as filed with the Clerk’s Office; ongoing review of the *Act* and the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections; interviews and examination of documents and financial and other records provided by the Applicant, the Candidate, and other persons; ongoing email and telephone communications with the above; public information; and preparation of our report.
- 3.3 As in 3.1 above, the scope of our engagement is to audit and report not only with regard to the specific issues identified by the Applicant, but also with regard to any other apparent contravention coming to our attention during the audit.
- 3.4 The *Act* provides an exemption at subsection 78(5) whereby if total contributions and total expenses incurred are less than or equal to \$10,000, an auditor’s report does not need to be submitted by a candidate with the required Financial Statement. Under such circumstances a candidate may not have the benefit of an external auditor’s experience when preparing and submitting the Financial Statement, potentially increasing the risk of errors.

4. Findings with respect to issues identified by Applicant

4.1 *The “peopleforprobity.com” website and other joint expenses should be split among the candidates*

- 4.1.1 Certain paid advertising in the Muskokan, What’s up Muskoka and the Bracebridge Examiner included a link to the “peopleforprobity.com” website or included a list of “people for probity” candidates. The website also listed these six candidates during the campaign. The cost of the advertising for “people for probity” was \$4,896.80.
- 4.1.2 If such a determination is necessary, the value to each candidate of the advertising costs would be reasonably divided among the six candidates. An agreement among the candidates should have been put in place at the time of the website. As no such agreement was put in place we cannot assign a value after the fact.
- 4.1.3 Under the *Act*, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually.
- 4.1.4 Accordingly, in our opinion the advertising for the “people for probity” paid for and expensed by another candidate was a shared expense.
- 4.1.5 This is an apparent contravention of the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections by the Candidate. Reported total expenses subject to the spending limit have been understated.

5. Other findings

- 5.1 No other findings were noted in our Municipal Election Compliance Audit of the Campaign Finances of the Candidate.

6. Restrictions and limitations

6.1 This report was prepared for the Township of Muskoka Lakes regarding the election finances of Jean-Ann Baranik in the election held October 27, 2014, as requested by the Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred as a result of the use of this report for any other purpose.

6.2 We are under no obligation to review the contents of this report in light of information that becomes known to us after the date of this report, although we reserve the right to do so.

Yours truly,

A handwritten signature in cursive script that reads "Pahapill and Associates".

Pahapill and Associates Professional Corporation

Chartered Professional Accountants

Authorized to practise public accounting by The Chartered Professional Accountants of Ontario

September 30, 2015

Huntsville, Ontario



Report for the Council of The Township of Muskoka Lakes

Municipal Election Compliance Audit of the Campaign Finances of Candidate Greg Knight

Contents

1. Summary of findings
2. Introduction and background, including list of issues identified by Applicant
3. Audit approach and procedures, and certain implications
4. Findings with respect to issues identified by Applicant
5. Other findings
6. Restrictions and limitations

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE MUNICIPAL ELECTION ACT, 1996

To: Greg Knight, Candidate;
The Township of Muskoka Lakes;
Cheryl Mortimer, Municipal Clerk;
Alan Gill, Applicant

1. Summary of findings

- 1.1 In our opinion, candidate Greg Knight ("Knight" or "the Candidate") apparently contravened the requirements of the *Municipal Elections Act, 1996* ("the Act") because the prescribed "Financial Statement – Auditor's Report, Form 4" ("the Financial Statement") filed by the Candidate was not prepared in compliance with the Act because receipts for expenditures were not kept in the records.
- 1.2 The Candidate did not comply with the requirements of the 2014 Candidates Guide for Ontario Municipal and School Board Elections in keeping their campaign finances separate with respect to the issue raised by Alan Gill ("the Applicant"), as set out in section 4 below and also contravened the Act in certain other requirements set out in section 5 below. Certain campaign expenses were incorrectly reported or unsupported.
- 1.3 The Candidate's records were organized, well maintained, and generally consistent with the requirements of the Act. The Candidate cooperated fully with the compliance audit process.

2. Introduction and background, including list of issues identified by Applicant

- 2.1 Knight filed for election as a District and Township Councillor for Ward A on May 22, 2014 in the election to be held October 27, 2014.
- 2.2 Knight was not elected as a District and Township Councillor in that election.
- 2.3 Knight filed the Financial Statement for the campaign period May 22, 2014 to December 31, 2014, on March 19, 2015 and attested that to the best of his knowledge, that it was true and correct.
- 2.4 Knight's Financial Statement reported Contributions of \$6,218.49 (actual contributions should have been reported as \$6,207.83) and Expenses of \$6,207.83, with a resulting surplus (deficit) for the campaign of NIL. Knight's Spending limit (i.e. the maximum amount of qualifying expenses that he was permitted to incur) was \$9,026.45.
- 2.5 Alan Gill submitted to the Township of Muskoka Lakes an application for compliance audit dated June 24, 2015 setting forth the grounds for believing that the Candidate had contravened the Act in respect of election campaign finances. Specifically, the Applicant stated that:
 - 2.5.1 The "peopleforprobity.com" website expenses or other joint beneficial advertising or promotion must be divided between the campaigns of the named group of candidates.
- 2.6 The Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes determined that a compliance audit in respect of the municipal election campaign finances of

Knight be carried out and on July 31, 2015 appointed Pahapill and Associates Professional Corporation, Chartered Professional Accountants to do so in accordance with subsection 81(7) of the *Act*. The Firm is licensed under the Public Accounting Act 2004 License number 1-15166.

3. Audit approach and procedures, and certain implications

- 3.1 In accordance with subsection 81(9) of the *Act* the objective of our compliance audit is to conduct an audit and report “any apparent contravention by the candidate”.
- 3.2 Our audit procedures included: a review of the Financial Statement as filed with the Clerk’s Office; ongoing review of the *Act* and the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections; interviews and examination of documents and financial and other records provided by the Applicant, the Candidate, and other persons; ongoing email and telephone communications with the above; public information; and preparation of our report.
- 3.3 As in 3.1 above, the scope of our engagement is to audit and report not only with regard to the specific issues identified by the Applicant, but also with regard to any other apparent contravention coming to our attention during the audit.
- 3.4 The *Act* provides an exemption at subsection 78(5) whereby if total contributions and total expenses incurred are less than or equal to \$10,000, an auditor’s report does not need to be submitted by a candidate with the required Financial Statement. Under such circumstances a candidate may not have the benefit of an external auditor’s experience when preparing and submitting the Financial Statement, potentially increasing the risk of errors.

4. Findings with respect to issues identified by Applicant

4.1 The “peopleforprobity.com” website and other joint expenses should be split among the candidates

- 4.1.1 Certain paid advertising in the Muskokan, What’s up Muskoka and the Bracebridge Examiner included a link to the “peopleforprobity.com” website or included a list of “people for probity” candidates. The website also listed these six candidates during the campaign. The cost of the advertising for “people for probity” was \$4,896.80.
- 4.1.2 If such a determination is necessary, the value to each candidate of the advertising costs would be reasonably divided among the six candidates. An agreement among the candidates should have been put in place at the time of the website. As no such agreement was put in place we cannot assign a value after the fact.
- 4.1.3 Under the *Act*, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually.
- 4.1.4 Accordingly, in our opinion the advertising for the “people for probity” paid for and expensed by another candidate was a shared expense.
- 4.1.5 This is an apparent contravention of the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections by the Candidate. Reported total expenses subject to the spending limit have been understated.

5. Other findings

5.1 Expenses – unsupported expense

- 5.1.1 The total expense for Advertising of \$2,490.75 reported in the Financial Statement included expenditures of \$254.08 for mailings of brochures and flyers.
- 5.1.2 Paragraph 69(1)(e) requires the candidate to obtain a receipt for every expense, and 69(g) requires that “records are kept of every expense including the receipts obtained for each expense”
- 5.1.3 The accounting records provided at the time of the audit did not include receipts for these expenses, and the records noted that there were no receipts.
- 5.1.4 This is an apparent contravention of the *Act*. Reported total expenses include unsupported expenses of \$254.08.

5.2 Expenses – unsupported expense

- 5.2.1 The total expense for Meetings of \$431.57 reported in the Financial Statement included expenditures of \$199.58 for which there are no receipts.
- 5.2.2 Paragraph 69(1)(e) requires the candidate to obtain a receipt for every expense, and 69(g) requires that “records are kept of every expense including the receipts obtained for each expense”
- 5.2.3 The accounting records provided at the time of the audit did not include receipts for these expenses.
- 5.2.4 This is an apparent contravention of the *Act*. Reported total expenses include unsupported expenses of \$199.58.

5.3 Expenses – incorrect disclosure

- 5.3.1 The total expense recorded for inventory of \$2,456.38 has no details listed in Table 5.
- 5.3.2 The accounting records provided show this amount to be for brochures of \$2,456.38 and not related to inventory.
- 5.3.3 This is an error in recording on the Financial Statement as the Candidate attested that to the best of his knowledge, that the Financial Statement was true and correct.

5.4 Expenses – understatement of expenses

- 5.4.1 The total contributions and expenses for meetings hosted do not include amounts for meet and greets that were joint meetings with another candidate that included \$189.63 of contributions and expenses.
- 5.4.2 Under the *Act*, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually. Records of every expense must be kept.
- 5.4.3 The accounting records provided at the time of audit did not include any contributions from third parties or expenses recorded for joint meetings.
- 5.4.4 This is an apparent contravention of the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections. Reported total contributions are understated by \$189.63 and

reported total expenses subject to the spending limit have been understated by \$189.63 in the Financial Statement filed.

6. Restrictions and limitations

6.1 This report was prepared for the Township of Muskoka Lakes regarding the election finances of Greg Knight in the election held October 27, 2014, as requested by the Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred as a result of the use of this report for any other purpose.

6.2 We are under no obligation to review the contents of this report in light of information that becomes known to us after the date of this report, although we reserve the right to do so.

Yours truly,



Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by The Chartered Professional Accountants of Ontario
September 30, 2015
Huntsville, Ontario



Report for the Council of The Township of Muskoka Lakes

Municipal Election Compliance Audit of the Campaign Finances of Candidate Gault McTaggart

Contents

1. Summary of findings
2. Introduction and background, including list of issues identified by Applicant
3. Audit approach and procedures, and certain implications
4. Findings with respect to issues identified by Applicant
5. Other findings
6. Restrictions and limitations

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE MUNICIPAL ELECTION ACT, 1996

To: Gault McTaggart, Candidate;
The Township of Muskoka Lakes;
Cheryl Mortimer, Municipal Clerk;
Alan Gill, Applicant

1. Summary of findings

- 1.1 In our opinion, candidate Gault McTaggart ("McTaggart" or "the Candidate") apparently contravened the requirements of the *Municipal Elections Act, 1996* ("the Act") because the prescribed "Financial Statement – Auditor's Report, Form 4" ("the Financial Statement") filed by the Candidate was not prepared in compliance with the Act because certain campaign contributions and expenses were incorrectly reported.
- 1.2 The Candidate did not comply with the requirements of the 2014 Candidates Guide for Ontario Municipal and School Board Elections in keeping their campaign finances separate with respect to the issue raised by Alan Gill ("the Applicant"), as set out in section 4 below and also contravened the Act in certain other requirements set out in section 5 below. Certain campaign contributions and expenses were incorrectly reported.
- 1.3 The Candidate's records were organized, well maintained, and generally consistent with the requirements of the Act. The Candidate cooperated fully with the compliance audit process.

2. Introduction and background, including list of issues identified by Applicant

- 2.1 McTaggart filed for election as a Township Councillor for Ward B on April 23, 2014 in the election to be held October 27, 2014.
- 2.2 McTaggart was elected as a Township Councillor in that election.
- 2.3 McTaggart filed the Financial Statement for the campaign period April 23, 2014 to October 27, 2014, on December 3, 2014 and attested that to the best of his knowledge, that it was true and correct.
- 2.4 McTaggart's Financial Statement reported Contributions of \$834.48 and Expenses of \$834.48, with a resulting surplus (deficit) for the campaign of NIL. McTaggart's Spending limit (i.e. the maximum amount of qualifying expenses that he was permitted to incur) was \$10,377.95.
- 2.5 Alan Gill submitted to the Township of Muskoka Lakes an application for compliance audit dated June 24, 2015 setting forth the grounds for believing that the Candidate had contravened the Act in respect of election campaign finances. Specifically, the Applicant stated that:
 - 2.5.1 The "peopleforprobity.com" website expenses or other joint beneficial advertising or promotion must be divided between the campaigns of the named group of candidates.
- 2.6 The Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes determined that a compliance audit in respect of the municipal election campaign finances of McTaggart be carried out and on July 31, 2015 appointed Pahapill and Associates Professional

Corporation, Chartered Professional Accountants to do so in accordance with subsection 81(7) of the Act. The Firm is licensed under the Public Accounting Act 2004 License number 1-15166.

3. Audit approach and procedures, and certain implications

- 3.1 In accordance with subsection 81(9) of the Act the objective of our compliance audit is to conduct an audit and report “any apparent contravention by the candidate”.
- 3.2 Our audit procedures included: a review of the Financial Statement as filed with the Clerk’s Office; ongoing review of the Act and the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections; interviews and examination of documents and financial and other records provided by the Applicant, the Candidate, and other persons; ongoing email and telephone communications with the above; public information; and preparation of our report.
- 3.3 As in 3.1 above, the scope of our engagement is to audit and report not only with regard to the specific issues identified by the Applicant, but also with regard to any other apparent contravention coming to our attention during the audit.
- 3.4 The Act provides an exemption at subsection 78(5) whereby if total contributions and total expenses incurred are less than or equal to \$10,000, an auditor’s report does not need to be submitted by a candidate with the required Financial Statement. Under such circumstances a candidate may not have the benefit of an external auditor’s experience when preparing and submitting the Financial Statement, potentially increasing the risk of errors.

4. Findings with respect to issues identified by Applicant

4.1 The “peopleforprobity.com” website and other joint expenses should be split among the candidates

- 4.1.1 Certain paid advertising in the Muskokan, What’s up Muskoka and the Bracebridge Examiner included a link to the “peopleforprobity.com” website or included a list of “people for probity” candidates. The website also listed these six candidates during the campaign. The cost of the advertising for “people for probity” was \$4,896.80.
- 4.1.2 If such a determination is necessary, the value to each candidate of the advertising costs would be reasonably divided among the six candidates. An agreement among the candidates should have been put in place at the time of the website. As no such agreement was put in place we cannot assign a value after the fact.
- 4.1.3 Under the Act, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually.
- 4.1.4 Accordingly, in our opinion the advertising for the “people for probity” paid for and expensed by another candidate was a shared expense.
- 4.1.5 This is an apparent contravention of the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections by the Candidate. Reported total expenses subject to the spending limit have been understated.

5. Other findings

5.1 Expenses – understatement of expenses

- 5.1.1 The total contributions and expenses for meetings hosted do not include amounts for meet and greets that were joint meetings with another candidate that included \$13.33 of contributions and expenses.
- 5.1.2 Under the *Act*, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually. Records of every expense must be kept.
- 5.1.3 The accounting records provided at the time of audit did not include any contributions from third parties or expenses recorded for joint meetings.
- 5.1.4 This is an apparent contravention of the *Act*. Reported total contributions are understated by \$13.33 and reported total expenses subject to the spending limit have been understated by \$13.33 in the Financial Statement filed.

6. Restrictions and limitations

- 6.1 This report was prepared for the Township of Muskoka Lakes regarding the election finances of Gault McTaggart in the election held October 27, 2014, as requested by the Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred as a result of the use of this report for any other purpose.
- 6.2 We are under no obligation to review the contents of this report in light of information that becomes known to us after the date of this report, although we reserve the right to do so.

Yours truly,



Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by The Chartered Professional Accountants of Ontario
September 30, 2015
Huntsville, Ontario



Report for the Council of The Township of Muskoka Lakes

Municipal Election Compliance Audit of the Campaign Finances of Candidate Linda Barrick-Spearn

Contents

1. Summary of findings
2. Introduction and background, including list of issues identified by Applicant
3. Audit approach and procedures, and certain implications
4. Findings with respect to issues identified by Applicant
5. Other findings
6. Restrictions and limitations

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE MUNICIPAL ELECTION ACT, 1996

To: Linda Barrick-Spearn, Candidate;
The Township of Muskoka Lakes;
Cheryl Mortimer, Municipal Clerk;
Alan Gill, Applicant

1. Summary of findings

- 1.1 In our opinion, candidate Linda Barrick-Spearn ("Barrick-Spearn" or "the Candidate") did not comply with the requirements of the 2014 Candidates Guide for Ontario Municipal and School Board Elections in keeping their campaign finances separate with respect to the issue raised by Alan Gill ("the Applicant"), as set out in section 4 below.
- 1.2 The Candidate's records were organized, well maintained, and generally consistent with the requirements of the *Municipal Elections Act, 1996* ("the Act"). The Candidate cooperated fully with the compliance audit process.

2. Introduction and background, including list of issues identified by Applicant

- 2.1 Barrick-Spearn filed for election as a Township Councillor for Ward B on September 12, 2014 in the election to be held October 27, 2014.
- 2.2 Barrick-Spearn was elected as a Township Councillor in that election.
- 2.3 Barrick-Spearn filed the "Financial Statement – Auditor's Report, Form 4" ("the Financial Statement") for the campaign period September 12, 2014 to October 28, 2014, on February 17, 2015 and attested that to the best of her knowledge, that it was true and correct.
- 2.4 Barrick-Spearn's Financial Statement reported Contributions of \$1,091.73 and Expenses of \$1,091.73, with a resulting surplus (deficit) for the campaign of NIL. Barrick-Spearn's Spending limit (i.e. the maximum amount of qualifying expenses that she was permitted to incur) was \$10,377.95.
- 2.5 Alan Gill submitted to the Township of Muskoka Lakes an application for compliance audit dated June 24, 2015 setting forth the grounds for believing that the Candidate had contravened the Act in respect of election campaign finances. Specifically, the Applicant stated that:
 - 2.5.1 The "peopleforprobity.com" website expenses or other joint beneficial advertising or promotion must be divided between the campaigns of the named group of candidates.
- 2.6 The Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes determined that a compliance audit in respect of the municipal election campaign finances of Barrick-Spearn be carried out and on July 31, 2015 appointed Pahapill and Associates Professional Corporation, Chartered Professional Accountants to do so in accordance with subsection 81(7) of the Act. The Firm is licensed under the Public Accounting Act 2004 License number 1-15166.

3. Audit approach and procedures, and certain implications

- 3.1 In accordance with subsection 81(9) of the *Act* the objective of our compliance audit is to conduct an audit and report “any apparent contravention by the candidate”.
- 3.2 Our audit procedures included: a review of the Financial Statement as filed with the Clerk’s Office; ongoing review of the *Act* and the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections; interviews and examination of documents and financial and other records provided by the Applicant, the Candidate, and other persons; ongoing email and telephone communications with the above; public information; and preparation of our report.
- 3.3 As in 3.1 above, the scope of our engagement is to audit and report not only with regard to the specific issues identified by the Applicant, but also with regard to any other apparent contravention coming to our attention during the audit.
- 3.4 The *Act* provides an exemption at subsection 78(5) whereby if total contributions and total expenses incurred are less than or equal to \$10,000, an auditor’s report does not need to be submitted by a candidate with the required Financial Statement. Under such circumstances a candidate may not have the benefit of an external auditor’s experience when preparing and submitting the Financial Statement, potentially increasing the risk of errors.

4. Findings with respect to issues identified by Applicant

4.1 *The “peopleforprobity.com” website and other joint expenses should be split among the candidates*

- 4.1.1 Certain paid advertising in the Muskokan, What’s up Muskoka and the Bracebridge Examiner included a link to the “peopleforprobity.com” website or included a list of “people for probity” candidates. The website also listed these six candidates during the campaign. The cost of the advertising for “people for probity” was \$4,896.80.
- 4.1.2 If such a determination is necessary, the value to each candidate of the advertising costs would be reasonably divided among the six candidates. An agreement among the candidates should have been put in place at the time of the website. As no such agreement was put in place we cannot assign a value after the fact.
- 4.1.3 Under the *Act*, there is nothing preventing like-minded candidates from campaigning on the same platform or identifying themselves as a group or slate, however each candidate must keep their campaign finances separate and any joint expenses must be divided between the campaigns and reported individually.
- 4.1.4 Accordingly, in our opinion the advertising for the “people for probity” paid for and expensed by another candidate was a shared expense.
- 4.1.5 This is an apparent contravention of the 2014 Candidates’ Guide for Ontario Municipal and School Board Elections by the Candidate. Reported total expenses subject to the spending limit have been understated.

5. Other findings

- 5.1 No other findings were noted in our Municipal Election Compliance Audit of the Campaign Finances of the Candidate.

6. Restrictions and limitations

- 6.1 This report was prepared for the Township of Muskoka Lakes regarding the election finances of Linda Barrick-Spearn in the election held October 27, 2014, as requested by the Municipal Election Compliance Audit Committee of the Township of Muskoka Lakes. This report is not to be used for any other purpose and we specifically disclaim any responsibility for losses or damages incurred as a result of the use of this report for any other purpose.
- 6.2 We are under no obligation to review the contents of this report in light of information that becomes known to us after the date of this report, although we reserve the right to do so.

Yours truly,

Pahapill and Associates

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by The Chartered Professional Accountants of Ontario
September 30, 2015
Huntsville, Ontario